
PUBLIC RESOURCES ADVISORY GROUP

May 27, 2008

Ms. Naomi Richman
Chief Credit Officer
Global Public, Project and Infrastructure Finance
Moody's Investors Service
250 Greenwich Street
New York, NY 10007

Dear Ms. Richman:

Public Resources Advisory Group ("PRAG") appreciates the willingness of Moody's Investors Service ("Moody's") to discuss expanding its global scale ratings ("GSR") to municipal borrowers. PRAG supports Moody's effort to improve further rating processes for the benefit of investors and issuers.

In this era of increasing globalization within the capital markets, a single rating scale will benefit all market participants by avoiding confusion among existing and potential investors. Municipal bonds are no longer solely purchased by buyers seeking shelter from domestic taxation as hedge funds have become significant buyers of these securities. The global investment marketplace is much broader than it has ever been and all investors should be provided with a uniform standard to evaluate credit risk. The GSR will allow all investors to gauge relative risk among all classes of investments, without the need to exclude or separately consider municipal credits. Specifically, smaller, less sophisticated investors should not be misled when investing because two ratings are the same, but the risk of repayment actually is not equivalent. For example, a small investor may purchase a municipal gas prepayment transaction rather than a similarly rated "standard" (non-gas prepayment) municipal issue in order to capture significantly higher yields without fully understanding the corporate nature and accompanying greater default risk of the gas prepayment credit.

To facilitate an orderly transition to the GSR for market participants, PRAG believes that Moody's should consider assigning both a GSR and municipal scale rating during an interim period. For the near term, GSRs should not be optional. In addition, issuers should not be charged additional fees for the GSR to ensure the broadest dissemination of the GSR for market participants. The goal should be that all debt issues, including municipal issues, eventually will only be assigned GSRs as quickly as possible.

We encourage Moody's to continue to include market participants in the ongoing dialogue surrounding the GSR. We thank you for the opportunity to express our views on this timely topic in our industry and look forward to your public response to this request by us and many other participants in the municipal market.

Sincerely,



William W. Cobbs
Chairman